

# CEO Message

Since the company’s founding, our mission has been to achieve a truly connected society. Our business is intrinsically public and directly connected to customers’ lives.

Throughout FY22.3, the COVID-19 pandemic has driven rapid digital shifts in all areas, increasing the importance of the role of telecommunications. Meanwhile, the government upholds the “The Vision for a Digital Garden City Nation” to promote regional vitalization through digitalization. As a result, our daily lives and businesses are increasingly digitalized. We support people’s new lifestyles and promote efforts toward creating a resilient future society that achieves both economic progress and the resolution of social issues.

To achieve our ideal future society while accommodating changes in the business environment, we set out a new vision, “KDDI VISION 2030: The creation of a society in which anyone can make their dreams a reality by enhancing the power to connect,” and established new materiality that holistically cover social issues and the level of importance in the KDDI Group’s management from a long-term perspective.

Taking these into account, our new Mid-Term Management Strategy (FY23.3 to FY25.3) places “Sustainability Management,” which aims for sustainable growth of society and the enhancement of corporate value together with our partners, at the

core and promotes “Business Strategy” and “Strengthening of Management.”

We positioned our Business Strategy as the “Satellite Growth Strategy” to clearly demonstrate the new growth achieved by deepening the existing businesses and maximizing synergies in the related business areas. We will evolve our “Power to Connect” by leveraging the characteristics of 5G and aim for an era in which new values will be generated as a result of the “blending” of telecommunications into all kinds of scenes. Throughout the mid-term, we will engage in the 5G-driven evolution of our telecommunications business, the expansion of focus areas centered around telecommunications, and the enhancement of the underlying management foundation.

Here, I reflect on FY22.3 and the previous Mid-Term Management Strategy and then explain the newly established Mid-Term Management Strategy.

President,  
Representative Director



# Tomorrow, Together

Looking Back on the Previous Mid-Term Management Strategy (FY20.3-FY22.3)

## On Conclusion of the Previous Mid-Term Management Strategy

Throughout the previous mid-term from FY20.3 to FY22.3, KDDI achieved both sustainable profit growth and enhanced shareholder returns.

The operating revenue and income of the growth fields, Life Design Domain and Business Services segments, steadily increased to reach our goals on the operational scale. Furthermore, we achieved a dividend payout ratio of over 40% and 5% growth in CAGR for EPS.

As a result of the implementation of our business strategies with the integration of telecommunications and life design, we succeeded in achieving continued growth even with the competitive environment of the telecommunications industry undergoing significant change.

	FY22.3	CAGR FY19.3-FY22.3	(Reference) Related goals FY19.3-FY22.3
<b>Operating revenue</b>	5,446.7 billion yen	+2.3%	Cost reduction, etc. 3 years total ¥100 billion (approximately)
<b>Operating income</b>	1,060.6 billion yen	+1.5%	
<b>Operating revenue of Life Design Domain</b>	1,422.0 billion yen	+14.6%	FY22.3 1.44 trillion yen*
<b>Operating revenue of Business Services segment</b>	1,042.6 billion yen	+5.6%	FY22.3 1 trillion yen
<b>Dividend payout ratio</b>	41.7%	—	Over 40%
<b>EPS</b>	300.03 yen	+5.0%	FY19.3→FY25.3 1.5 times

\* Comparison with the mid-term goal of 1.5 trillion yen. The calculation considers the impact of the change in accounting procedures in the energy business (approximately 60.0 billion yen)

## CEO Message

Looking Back on the Previous Mid-Term Management Strategy (FY20.3-FY22.3)

### Multi-Brand Strategy and 5G Rollout

With new telecommunications providers entering the market and competition heating up, services and pricing plans are diversifying, and the telecommunications industry itself is undergoing significant changes.

Under such environment, we have strived to offer pricing plans that meet various needs and diverse lifestyles through our multi-brand strategy. The featured brands are “au” providing unlimited use without anxiety, “UQ mobile” with simple and secure pricing, and “povo” in which users can choose services freely (called “toppings”) they need. As a result, we gained momentum, as shown by the net increase in the total number of multi-brand IDs throughout the fiscal year.

For 5G, under the slogan Zutto, Motto, Tsunagu Zo, au (Connecting more and always with au), we aim to build a comfortable and reliable network in railways, shopping centers, and other focus areas, based on extensive cover places frequented by customers. Cumulative 5G unit sales reached 8 million units and are still steadily growing. We are committed to providing 5G experiences to more and more customers.



New Mid-Term Management Strategy (FY23.3-FY25.3)

### KDDI VISION 2030

To achieve our ideal future society, we set out a new vision, “KDDI VISION 2030: The creation of a society in which anyone can make their dreams a reality, by enhancing the power to connect.”

To contribute to building a resilient social infrastructure that withstands environmental changes, we will further accelerate “KDDI Sustainable Action” embracing the ideas of “Connecting and protecting lives,” “Connecting Day-to-day lives,” “Connecting hearts and minds” through businesses with our partners while utilizing technology.

By 2030, we will aim for “a platformer supporting society” that can add value to every industry and life scene. To date, we have sought to expand growth fields in non-telecommunications areas through smartphones with the “integration of telecommunications and life design.” In the new Mid-Term Business Strategy, we will foresee the year 2030 and promote “business transformation centered on 5G.”

The creation of a society in which anyone can make their dreams a reality, by enhancing the power to connect.

### KDDI VISION 2030



### End of 3G Services

One topic in FY22.3 is the suspension of 3G at the end of March 2022. We would like to hereby express our gratitude to all our customers for having used our 3G services for approximately 20 years.

Under this challenging environment, the success of suspension without major incidents is a positive result that can be reflected in future services. Since 3G was power-consuming, its suspension was also an accomplishment from an environmental point of view.



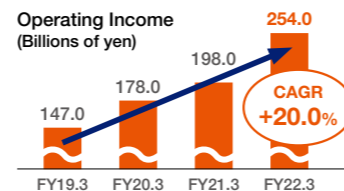
2002	Third-generation mobile phone service begins
2003	CDMA 1X WIN service commences the industry's first flat-rate packet service introduced
2005	KDDI launches W33SA, the mobile phone with one-seg TV support
2006	LISMO, the comprehensive music service begins; Google search engine introduced in EZweb
2011	KDDI launches its first sales of iPhone

### Initiatives in the Growth Fields (Life Design Domain and Business Services segment)

We achieved double-digit growth in operating income for both Life Design Domain and Business Services segment.

#### Life Design Domain

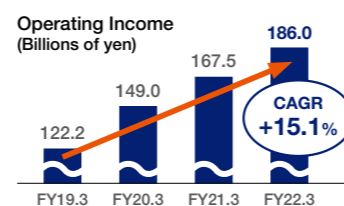
We have sought to expand life design services with “integration of telecommunications and life design” in focus. All major services have grown, including the smartphone payment service au PAY as important customer contact, financial services supported by au PAY Card and mortgage services, and energy services such as au Denki.



Key indicators	au PAY members and au PAY Card members	Number of au PAY Card members	Number of au Denki, etc. subscriptions	Transaction Volume of Settlement / Loan
	37 million (CAGR13.4%)	7.6 million (CAGR20.0%)	3.38 million (CAGR approximately 20.0%)	11.7 trillion yen (2.6 times compared to FY19.3)

#### Business Services segment

Digital transformation (DX) of enterprises has brought a tremendous change in business styles and customer relationships. In such environment, we aim to accelerate customers' DX centered on our strengths in telecommunications and IoT. The sales of the NEXT Core Business, which is a driving force of DX, account for more than 30% of the Business Services segment. We also achieved solid growth as an industry leader in terms of the number of IoT connections.



Key indicators	NEXT Core Business Percentage in the entire Business Services segment sales FY22.3	IoT Connections* FY22.3: 24.5 million connections (3.1 times compared to FY19.3)
	31.9%	* KDDI non-consolidated basis

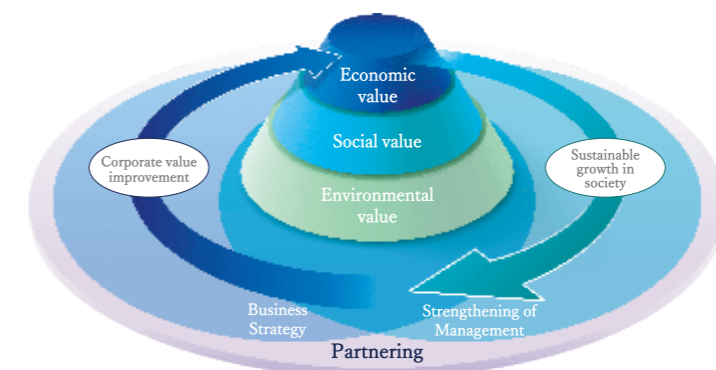
### Sustainability Management and Medium-Term Targets

#### Mid-Term Management Strategy

Defining new materiality and promoting the mid-term management strategy



#### Sustainability Management



From a long-term perspective, we have established the “new materiality (material issues)” centered on the interests of diverse stakeholders such as long-term investors as well as our long-term vision and enterprise impact. With this in mind, we position Sustainability Management at the core and promote reinforcement of the business strategy and the underlying management foundation.

By doing so, we will aim for the sustainable growth of society and the enhancement of our corporate value. Our goal is to create a virtuous cycle in which society's growth is fed back on the subsequent business strategies, and the business growth is reflected in society.

## CEO Message

New Mid-Term Management Strategy (FY23.3-FY25.3)

### Business Strategy/Satellite Growth Strategy -- P35

In our Business Strategy, we have positioned our business growth strategy in the focus areas centered on 5G, which is expected to prosper with the birth of 5G SA (standalone), as the “Satellite Growth Strategy.”

For the core service of 5G communications, we will focus on 5G network building and device popularization so the multi-brand communication ARPU revenues, which have been declining due to price reduction of smartphone fees, will increase in FY25.3 compared to FY22.3.

In addition, we have defined five focus areas with potential growth in the previous Mid-Term Business Strategy, namely [1] DX, [2] Finance, [3] Energy, [4] LX, and [5] Regional co-creation (CATV and other services.) We will accelerate growth by utilizing the synergies of these areas centered on telecommunications. Particularly in DX, we will establish an environment

where customers can use 5G without concerns by blending telecommunications into everything through IoT.

To that end, we provide business platforms according to the needs of various industries to support customers’ business creations. We aim for a virtuous cycle of DX in which newly added values transform people’s lives.

During the mid-term, our goal is to make the DX Business Services segment our second largest business next to domestic telecommunications, accounting for approximately 20% of the consolidated operating income. Finance and energy businesses will accelerate our growth. LX transforms people’s experiences with an eye on the future. Regional revitalization will contribute to solving social issues with local communities. By growing these businesses, we aim to boost the sales of these focus areas to over 50% of the consolidated sales.

#### Satellite Growth Strategy



#### Summary of Efforts in Focus Areas

<b>DX</b>	Business Services segment to become <b>second largest business</b> after domestic telecommunications, aiming for about 20% of consolidated operating income. Aim for <b>double-digit mid-term CAGR growth</b> in sales in DX	Regional co-creation -CATV, etc.- Contribute to solving social issues facing local communities
<b>Finance</b>	Accelerate business growth through expansion of customer base and new initiatives aim for <b>double-digit mid-term CAGR growth</b> in sales	
<b>Energy</b>		
<b>LX</b>	Creating new businesses that transform the living experience with an eye on the future	



New Mid-Term Management Strategy (FY23.3-FY25.3)

### Initiatives for Strengthening of Management -- P39

To strengthen the foundation of our management that supports our “Sustainability Management,” we will also promote initiatives to deal with major social issues such as carbon neutrality, transforming ourselves into a company that puts human resources first, respects for human rights, and improvements of our group governance.

First, KDDI is actively addressing carbon neutrality, which is a major issue on a global scale. KDDI (non-consolidated) is aiming to achieve net-zero CO<sub>2</sub> emissions by fiscal 2030 and the Group as a whole by fiscal 2050. In order to achieve these targets, we will proactively promote energy efficiency and shift to renewable energy for mobile phone base stations and telecommunications equipment.

In addition, to ensure ongoing sustainable growth amid a business environment that is undergoing constant and profound change, employees and organizations must drive innovation and acquire a high degree of autonomy and growth to transform into a company that puts human resources first. In promoting innovation, we will strengthen R&D and capital investment for 5G and beyond 5G. And we will accelerate efforts for business creation, R&D, AI and advanced security technology efforts based on our Satellite Growth Strategy and will deepen partnerships such as collaboration with startups.

### Mid-Term Management Strategy Summary

We position “Sustainability Management” at the core and aim to achieve the sustainable growth of society and the enhancement of corporate value together with our partners by promoting the Satellite Growth Strategy and strengthening of management.

For business growth, we aim to increase ARPU revenue by driving 5G, achieve profit growth of over 100 billion yen in focus areas, and improve cost efficiency by 100 billion yen.

The Company’s financial policy is to prioritize capital and strategic business investments to 5G and other focus areas, aiming for a dividend payout ratio of over 40% and flexibly repurchasing shares. EPS growth goal is still 1.5 times compared to FY19.3.

We are committed to transforming our business in the environment that is undergoing constant and profound change, including the unstable global situation.

<b>Sustainability</b>	Aiming for sustainable growth of society and enhancement of corporate value with partners through promoting Satellite Growth Strategy and strengthening management base to support it	
<b>Business Growth</b>	ARPU revenue increase due to 5G promotion (FY22.3 vs. FY25.3)	
	Profit growth in focus areas	100 billion yen or more
	Cost efficiency	100 billion yen target
<b>Financial Policy</b>	<ul style="list-style-type: none"> <li>• Prioritize capital expenditures and strategic business investments in 5G and focus areas</li> <li>• Dividend payout ratio over 40%</li> <li>• Flexible share repurchases</li> </ul>	
<b>EPS Growth</b>	Continue to aim for 1.5x growth versus FY19.3	

Regarding the Recent Communication Failure

### Regarding the Communication Failure on July 2, 2022

From July 2, 2022, KDDI experienced a prolonged communication failure. We sincerely apologize for the inconvenience caused to our customers using telecom services throughout Japan.

As a telecommunications carrier supporting social infrastructure and providing stable service, we take this incident seriously.

The entire company is committed to preventing recurrences of similar incidents and providing a telecommunications network that customers can use confidently by accommodating the ever-increasing amount of required transmission data in the 5G/Beyond 5G era.

We will contribute groupwide to achieving a truly connected society.

We appreciate your unwavering support and helpful guidance for the KDDI Group.